

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL CONTRACTS
PRIORITY MAIL--NON-PUBLISHED RATES
(MC2011-15)

Docket No. CP2011-51

**MOTION OF THE UNITED STATES POSTAL SERVICE
FOR EXTENSION OF TIME TO PROVIDE
CONTRACT TERM DATA REPORTS**
(February 27, 2017)

The United States Postal Service hereby moves for an extension of time to provide contract term data reports for certain Priority Mail—Non-Published Rates (PMNPR) agreements that have expired in recent weeks. As stated in Commission Order No. 661 (February 3, 2011), and recently reiterated in Commission Order No. 3760 (January 26, 2017), the Postal Service must file with the Commission within 30 days of the expiration of each PMNPR agreement costs, volumes, and revenues disaggregated by weight and zone associated with the applicable PMNPR agreement, including any penalties paid. Pursuant to these Orders, contract term data reports for two PMNPR agreements¹ are due today, with a handful of other reports due later this week. However, because of some challenges in producing the necessary data, particularly from January 2017 when a published price change occurred, the Postal Service will need additional time in which to provide the required contract term data reports.

The Postal Service queries and programs currently used to produce the data needed for these reports are designed to pull and analyze the relevant data on a

¹ PMNPR-FY16-JAN16-0046 and PMNPR-FY16-JAN16-0101

quarterly basis using a robust methodology for compiling quarterly data and verifying its accuracy. These quarterly data have been used to compose the Postal Service's annual report on each contract, which have been provided to the Commission as part of the Annual Compliance Report (ACR) process. Thus, it should be noted that the Commission has already received the FY 2016 data for these agreements. We anticipate that FY 2017 Q1 data will be available later this week.

Pulling the FY 2017 Q2 data, however, has proven to be more difficult because it requires queries to be revised and new SAS programming to be written. We are analyzing the process needed to develop reliable data on a less than quarter basis.

Since an agreement can terminate on any day of the month, thereby triggering the 30-day clock for filing the pertinent end of term report for each, data sources will have to be extracted on a daily basis, as opposed to the current quarterly cycle. The processes of consolidating data from multiple sources and coordinating among multiple departments to validate data, normally done on a quarterly basis, must be greatly accelerated in order for the Postal Service to complete these tasks within the allotted time. Furthermore, determining the applicable price information applicable to each agreement is not a trivial exercise. PMNPR agreements typically provide that if renewed, the prices will be adjusted by an escalation clause. Also, should a published price change result in a rate cell with a lower price than the negotiated price, the published price will be charged. Thus a contract may have different applicable prices for certain cells during its term. It is worth noting that the Postal Service moved to tracking NSAs in a SAS database in FY 2016 to better handle the exponential growth in the number of PMNPR agreements, from relatively few in FY 2015 to now hundreds.

The SAS database is robust enough to track and account for these differences on a quarterly basis. However, queries and programs must be revised to accommodate variable-length durations for each contract and price regime, and new programs written to produce the final reporting for the expiring contracts. Processing data more frequently than quarterly requires a different procedure. This procedure needs to be tested to verify that the data are accurate and consistent with the quarterly data. By March 10, the Postal Service will provide an update of our progress regarding the FY2017 Q2 data.

The Postal Service continues to work on extracting and analyzing the contract term data for these PMNPR agreements, and hopes to be able to provide the Commission with complete and accurate reports as soon as possible. However, as discussed more fully above, the Postal Service will not be able to submit these reports within the 30-day time frame. Please note that the customer profile for these days in FY 2017 Q2 QTD would be similar to that reported in FY 2017 Q1; therefore, the cost coverage should be similar. In sum, the Postal Service respectfully requests an extension of time to provide these contract term data reports, until the Postal Service is better positioned to extract, consolidate, and validate the most recent data.

Accordingly, the Postal Service will provide an update no later than March 10.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing and Product Support

Elizabeth A. Reed

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3179, Fax -6187
elizabeth.a.reed@usps.gov
February 27, 2017